

NATIONAL WEATHER SERVICE INSTRUCTION 1-605

January 22, 2015

Administration and Management

External Inquiries / Internal Audits NWSPD 1-6

Management Control Review

NOTICE: This publication is available at: <http://www.nws.noaa.gov/directives/>.

OPR: CFO2 (C. Kirby)

Certified by: CFO2 (D. McClure)

Type of Issuance: Routine

SUMMARY OF REVISIONS: This instruction supersedes the NWSI 1-605, Management Control Reviews, dated October 28, 2003. Changes include:

- 1) Added Authority and links
- 2) In Section 4, added link and questions
- 3) Deleted outdated Appendix B

_____ signed	1/8/15
John E. Potts	Date
Chief Financial Officer/Chief	
Administrative Officer	

Management Control Reviews

Table of Contents:

1.	Purpose.....	2
2.	Background.....	2
3.	Selection of MCR Nomination.....	3
4.	Conducting the MCR.....	4
5.	Completion of MCR	4

1. Purpose. The purpose of a management control review (MCR) is to evaluate an organization or program to help the unit operate more efficiently and effectively, and to provide a reasonable level of assurance that the process and products for which you are responsible are adequately protected. This instruction describes the National Weather Service (NWS) MCR responsibilities and procedures. The Assistant Administrator (AA) for NWS has overall responsibility for MCR activities and the Office of Chief Financial Office (OCFO) provides NWS policy, guidance and coordination on management control review activities.

2. Background

An MCR ensures that administrative, financial, and programmatic risks have been adequately addressed, eliminates excessive controls that may have accumulated over the years, allowing for more efficient operations, and increases confidence that responsibilities are being carried out according to plan. To meet NOAA's Federal Manager's Financial Integrity Act (FMFIA) of 1982 requirement¹, NWS is required to conduct an MCR each year to ensure program objectives are accomplished as planned. NWS must establish and maintain controls that reasonably ensure that: (1) programs achieve their intended results; (2) resources are used consistent with agency missions; (3) programs and resources are protected from waste, fraud, mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported and used for decision making.

3. Selection of MCR Nomination. NWS must adhere to the NOAA MCR guidance that is incorporated into Chapter 6 of the NOAA Finance Handbook². The first step is to think about the mission and the programs that support the mission. Major programs are listed in order to answer the following questions:

1. Risk Factors – Is there prior knowledge of performance issues in the past for any of the programs?
2. Program Magnitude – Large programs are considered to be inherently more risky than small ones because of their proportionately large impact on the financial statements. Do any of your programs consist of 5% or more of total funding?
3. Substantial Change in Obligations from Prior Fiscal Year – Was there a substantial change in obligations from the prior fiscal year for any of the programs that support the mission?

¹ http://www.whitehouse.gov/omb/financial_fmfi1982

² <http://www.corporateservices.noaa.gov/finance/docs/CHAPTER%206.pdf>

4. Contracts – Are there any programs with a substantial amount of funding that is used for contracts?
5. Grants – The risk of a program’s non-performance is higher when management oversight of the program is outside of NOAA. Are there any programs with a substantial amount of funding that is used for grants?
6. Performance Goals not Met – Have any of the programs failed to meet their performance goals?
7. GAO/OIG/FPCD Reports – If a program has already been reviewed by others, the risk decreases. Have there been any audits done for any programs outside NOAA such as Government Accountability Office (GAO), Office of Inspector General (OIG), or Financial Policy and Compliance Division (FPCD)/NOAA Finance Office?
8. Prior Management Control Review – If a program has already been reviewed by others, the risk decreases. Have there been any prior management control reviews on any of the programs within your office?

The program most frequently listed on the questionnaire that has not been previously reviewed should be selected as the MCR.

4. Conducting the MCR As explained in Chapter 6 of the NOAA Finance Handbook, an internal control review consists of:

- selecting a team to conduct the review
- planning the internal control review
- investigating and reviewing background material
- documenting the event cycle
- analyzing the control environment
- determining risks within the selected event cycle(s)
- developing control objectives
- identifying existing control techniques
- testing internal control techniques
- evaluating internal controls

5. Reporting Completion of the MCR

The draft report is due June 30 to OCFO for review and approval. The final report is due July 31 to Finance.